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To : Robert Rhode

From : Chris Kwan

Sent : 12/6/2004 at 1:27:54 AM

Pages : 45 (including Cover)

Subject : Response to Action Letter mailed Sept 10, 2004 for Application 09-827788

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Dear Robert,

As I have previously mentioned, I am trying to refax this document again for your attention. If this fax is completed, then you should have 45 pages including this cover page.

Thanking you in advance.

Khai Hee Kwan
Customer Num : 023336

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Application number: 09/827788

Art Unit: 3625

Applicant: Khai Hee Kwan

Examiner: Robert Rhode.

Title: Computer Network Method for conducting payment over a network by debiting and crediting telecommunication accounts.

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

TO: Commissioner for Patents
Alexandria, VA 22313-1450

Sir:

In reply to Office Action mailed on Sept 10, 2004.

Specification

The applicant has reviewed the specification and there are no specific errors needing attention warranting a correction at this time.

Amendments to Claims

The examiner rejected our claims 1-20 under USC 103(a) and in part we have made amendments to our claims as detailed in Appendix 1 corresponding to our rebuttal below. We respectfully ask the examiner to enter the amendments.

Claim objections

The applicant could not see any issue with starting with IF. It is clearly useful for certain type of methods where conditional statements are called for. Even if this is not the case, support for such usage is legitimate and for example can be found in Katz (US 6424706) in Claim 1 and reproduced below:

“if transfer of said unit minutes to said destination account crosses a currency boundary, calculating a first value of said unit minutes to be transferred in a first currency associated

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with said subscriber, calculating an equivalent second value of said first value in a second currency associated with said destination account, calculating said unit minutes associated with said second equivalent value, and debiting said unit minutes associated with said equivalent value from an account of said subscriber and crediting said equivalent value associated with said subscriber's account to said destination account; and

if transfer of said unit minutes to said destination account does not cross a currency boundary, debiting said unit minutes from said subscriber's account and crediting said unit minutes to said destination account. “

In any event, claim 1 has been amended necessary to show the intent and the applicant submits it is now non objectable.

Claim 1 rejection under 35 USC 112 (para 2)

In general when a claim is rejected under the above section, the examiner is required to establish that one of ordinary skill in the art, when reading the claims in the light of the supporting specification would not have been able to ascertain the claims with a reasonable degree of precision and particularity. (Ex parte Wu, 10 USPQ 2d 2031, 2033 (BPAI 1989); In re Moore, 439 F.2d 1232, 169 USPQ 236, 238 (CCPA 1971); In re Hammack, 166 USPQ at 208.

The examiner stated that “if both” is tentative language but provided no evidence as required by the above authorities. The words “if both” is not tentative but conditional processes (as explained above) where at least two elements must meet before a next step can be performed. The examiner continued stating that the words “adjustment” and “book entry” render the claim indefinite. The examiner considers these words are not defined in the claim and the specification did not provide a standard for ascertaining the requisite

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degree. We beg to differ and even if the specification failed in accordance to some particularity standard, these words are well known in the art of Accounting or Book Keeping from where they have special meaning. Further the examiner did not provide evidence how one skilled in the said art could fail to appraise the scope of these words in relation to the claim.

The examiner stated there are omitted steps including after step 10 of "validating the debit". The applicant is unable to discern what are the missing steps. In any event, Claim 1 has now been amended to consider only the payment and authentication steps while the validation of receipts etc are now claimed separately as dependent claim.

Summary Claim Rejections 35 USC 103 (a)

The examiner had rejected all claims 1-20 under 35 USC 103(a). Such rejections are traversed by the applicant.

Katz (US 6424706) is an invention for "Method and system for transferring telecommunication-time units among accounts and exchanging same for goods or services". The invention is for accessing the value associated with a pre-purchased amount of telecommunication-time for making telephone calls and for uses other than making telephone calls. A remote input server, communicating with the computer, provides an input device to access the computer. The input device allows the subscriber to purchase the unit minutes, transfer the unit minutes to others (including non-subscribers) and redeem the unit minutes, and to use the unit minutes to purchase telephone minutes and redeem for goods and services.

In brief, this invention is for transferring of prepaid unit minutes to another and for redeem of such for goods and services. Unit minutes system here being the novelty. There is nothing to teach transferring funds (non-unit minutes) to another by using two

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different networks as in our claimed invention. The examiner failed to appreciate the difference between redeeming telephone units minutes for money and transferring credits (money) to another (not telephone units). The examiner also failed to see our claimed invention uses two different networks to initiate and complete the transfer while Katz only teach of using one network (ie PSTN or Internet BUT not both together). See for example Col 4 line 50 : “ ...may be accessed by a wireless telephone, an ATM card or other access device. “ and Col 10 line 22-28 “The system preferably integrates with the public switched telephone network (PSTN) in order to enable inbound and outbound calls, and to send transaction receipts or notifications to its customers via voice recording, page or facsimile message. The system is also optionally interfaced with the Internet in order to send email messages, such as transaction receipts or notifications to customers” Also see our Field of Invention and in particular where we teach of using a wireless device to authenticate and confirm the transaction. Katz also failed to reveal a sub-account as we will show below and instead prefer the direct read/write to the telco’s prepaid sub-system.

Resnick (US 2001/0001321) describe a way for making it convenient to recharge prepaid accounts from an intermediary account. See for example, in Resnick at para 5 “ A new method for affecting payment for wireless telecommunications services, as well as other goods and services, is needed that enables a customer to purchase variable amounts of value for loading onto the customer’s account. “ In short, it is like a prepaid electronic account available from any vendor site connected to a server (intermediary) where end-user could pay cash and have it digitized and uploaded for use on the server under their accounts less some service charge. Resnick did not teach of a sub-account under a telecommunication provider and instead opted for an independent and intermediary server holding the electronic funds. See para 6 “A primary aspect of the present invention is directed to providing a stored value intermediary account to implement a centralized payment system”. However this is not the same as using a sub-account linked to a main telecommunication account. And obviously as in Katz, there is no teaching of using two

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different networks to affect payment. Further there are no teaching in either prior arts to combine with each other features or to reveal such a need. In re Fine, 837 F.2d 1071, 1075, 5 USPQ2d 1596, 1600 (Fed. Cir. 1988) ("One cannot use hindsight reconstruction to pick and choose among isolated disclosures in the prior art to deprecate the claimed invention."). The examiner has not provided the motivation to combine both prior arts to reach our main claim 1.

Fox (US 6560581). This patent relates to systems and methods for secure electronic interchange of commerce documents and instruments by trading participants. In particular, provides an electronic commerce system that facilitates commercial interchange of documents and instruments in a large, unrestricted audience of participants, while supporting the underlying principles of authenticity, integrity, privacy, and security. The system in part relies on a credential binder server which creates unique identifier for each participants and these unique identifiers are used as embedded components in the document and instrument whereupon intended recipients can be authenticated, ie if recipients are not registered (issued with unique identifiers) then they would not be able to open said instrument or document. (Fox distinguishes instrument and document) The integrity check by manipulating such unique identifiers to reveal access rights to either the documents or instruments. Our method has no unique identifiers embedded whereby only the intended recipients can decrypt them. Fox also taught of sending both instrument and document together to both recipients. The issuance of receipts are taught at Col 3 Lines 29-34, in part from banker to merchant is a payment guarantee receipt and from merchant to payer as purchase receipt. There is no teaching of using receipt as a way to receive goods and services. There is no teaching of presenting encrypted receipts stored in a mobile device. The question is whether storing such documents or instrument for integrity check later is inherent in Fox ? The examiner provided no evidence to show this. The examiner has not provided any motivation to combine to reveal our claimed invention. Therefore is no teaching at all to combine its features with both Katz and Resnick.

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When an obviousness determination is based on multiple prior art references, there must be a showing of some "teaching, suggestion, or reason" to combine the references.

Gambro Lundia AB v. Baxter Healthcare Corp., 110 F.3d 1573, 1579, 42 USPQ2d 1378, 1383 (Fed. Cir. 1997) (also noting that the "absence of such a suggestion to combine is dispositive in an obviousness determination"). Whether motivation to combine the references was shown is a question of fact. See *In re Dembiczak*, 175 F.3d 994, 1000, 50 USPQ2d 1614, 1617 (Fed. Cir. 1999) ("[P]articular factual findings regarding the suggestion, teaching, or motivation to combine serve a number of important purposes . . .") (emphasis added); *Monarch Knitting*, 139 F.3d at 881-83, 886, 45 USPQ2d at 1982, 1985 (treating motivation to combine issue as part of the scope and content of the prior art and holding that genuine issues of fact existed as to whether one of ordinary skill in the art would have been motivated to combine the references in question).

Detail analysis of Examiner's response.

Claim 1,17

The applicant respectfully traversed the examiner's rejection for the reasons stated below in accordance to the various missing elements as discussed.

Sub-accounts

The examiner asserts that Resnick teaches the claimed invention but Resnick fails to reveal the element of telecommunication sub-account and instead Resnick taught an intermediary account which is used for payment including recharging a prepaid account with a wireless service provider. The examiner further asserts that Katz teaches of a method of using sub-accounts and provided Col 4, lines 31-35 and 60-64. However Katz only shows unit minute accounts and not sub-accounts extended and linked to a telecommunication service provider. For example, see Katz Col 6 line 40 to 45 where said unit minute accounts are associated with financial institution's bank account. Katz's

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invention uses a mobile network (mobile phone) OR a computer network (ATM card). Katz also stated (Col 6 line 65-Col 7 line 3) "In a preferred embodiment, the unit-minute method and system of the invention is integrated with a telecommunication-switch that enables subscribers to access their unit-minute account using any telephone. In this embodiment, unit-minute transfers between subscribers are performed by the sending subscriber calling a special telephone number associated with the telecommunication-switch and inputting the desired transaction, including the receiving subscriber's identifier (i.e., phone number) and the amount of unit-minutes to transfer. " This evidence clearly show such accounts are not sub-accounts linked to the main telecommunication service provider as in our claimed invention.

In short, the teaching "calling a special telephone number associated with the telecommunication-switch" requiring "integration with a switch" does not fairly teach of a sub account with a telecommunication provider. A switch is a device found in a network which is used to control and manage electronic signals. It is not an account such as a database to record a payment transaction. Further integration must not be confused with extending as used in our claim given its ordinary meaning. In integration, it means something is 'assimilated' into another hence only the later is revealed but by extending, it means the two elements exist as entity but still maintaining their individual character, ie main account and sub account.

Also in Katz Col 9 line 5-25, the strongest evidence showing there are NO sub-accounts reads: "For instance, in a preferred embodiment, the present invention leverages existing prepaid minute accounts stored within a prepaid telephone platform, rather than replacing them with the invention's own minute accounts. Therefore, in order to perform the necessary unit-minute transactions, the unit-minute system must have read and write access to these accounts, and a converter for converting the existing prepaid minutes of the prepaid platform to the unit-minutes of the invention. Furthermore, any changes to data fields of the prepaid platform's minute account that are accessed by both the prepaid

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platform and unit-minute system must be made using a method that guarantees transactional integrity. Such access may be accomplished by integrating the transaction processing subsystem of the unit-minute system's computer system with the transaction processing subsystem of the prepaid platform by an adapter. Each system's transaction processing subsystem will in turn communicate with its respective database as needed to update any changed fields. Once the two systems are integrated in such a fashion, changes made by either system to such shared fields will be communicated to both systems in a transactionally safe and reliable fashion. “

Reading the above evidence, it is clear Katz's system uses (by writing or reading) the main prepaid accounts rather than Katz's own minute accounts or even a sub account and the unit minute subsystem is integrated with transactional subsystem of carrier/telco but NOT by extending said prepaid accounts with a sub-account. This means there is no sub accounts in the telecommunication service provider's prepaid accounts nor did Katz taught of using non-prepaid platforms. This is supported by Katz teaching such adjustments must be done directly to existing prepaid accounts. The applicant's claimed invention also relied on the telco's processor to make an adjustments or entries or recording and NOT as Katz taught by using read/write method from unit minute subsystem. As noted Katz only deals with pre-paid while this claimed invention is for both prepaid and postpaid (non-prepaid). We can illustrate the differences as below herein Table A.

TABLE A			Before		After		At Settlement	
			Main Acct	Sub Acct	Main Acct	Sub Acct	Main Acct	Sub Acct
Case A	Pre-Paid	Payer	100	0	100	-40	60	0
		Payee	0	0	0	40	40	0
Case B	Post-Paid	Payer	-100	0	-100	-50	-150	0
		Payee	-10	0	-10	50	40	0
Katz	Pre-Paid	Payer	100 Units	NA	60 Units	NA	60 Units	NA
		Payee	0 Units	NA	40 Units	NA	40 Units	NA

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From the table A above, we can illustrate the differences between our claimed invention and Katz's. For case A, the payer has \$100 prepaid funds available for transfer. He transfers \$40 to payee also with a prepaid account. The entry is a credit in the Sub Account against this \$ 40 and upon settlement the main accounts are adjusted. As for prepaid this could mean instantly but as in Case B where settlement actually means presentation of payment (say end of the month), the amount is netted off. As we mentioned, post-paid usually has a pre-set limit on its sub-account say \$500 which is not shown above. The negative sign means the payer has liability to the telco and in Case B show transferring \$50 to payee which increased his liability to \$150 at settlement.

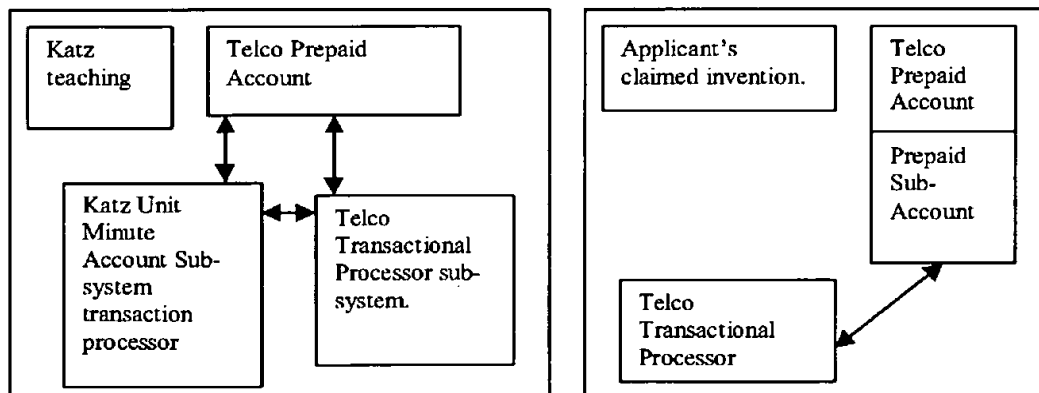
As we said, Katz leverages on the original main prepaid accounts for debit and crediting its unit minutes while Resnick teach of an intermediary account, neither which are combinable. How do one combine prepaid accounts at a telecommunication provider with an intermediary account design to enable payment to said telecommunication provider ? And if so for what purpose that is not achievable on its own ? Looking at Resnick, one could pay anyone from the intermediary account as long as the account is linked by networking, say in the example, a wireless carrier or any vendor or payee. This is not the same as extending the main account.

There is no apparent problem with Resnick's intermediary account and as mentioned it could be used to recharge a wireless account (vendor). There is no apparent disadvantage by not using unit minutes as the currency and therefore the motivation to combine would not stem from the "nature of the problem" facing one of ordinary skill in the art, because no "problem" was perceived. Katz's invention is for transferring unit minutes to another user and for redeeming these units for goods/services. Katz teaches of minutes account which is basically an account with unit minutes normally found in a prepaid main account and not a sub-account and by using both subsystems (Telco and Katz) for read/write and synchronizing the data, Katz maintains this is "transactionally safe and reliable." (Col 9 Line 25). Assuming Resnick's networked system is not transactionally safe and reliable

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as Katz, then one can assume that this feature could be combine but to do so means Resnick's intermediary account system will need to be integrated with a telco's prepaid sub-system which begs the question that it is no longer 'intermediary' and looks very much like Katz's invention.

Secondly, is it necessary obvious that by extending the prepaid account to include a sub account means its far safer and reliable as compare to Katz direct access to read and write ? A sub account is a 'virtual' account and is needed to maintain transactions that are committed but not settled at an instant in time, ie a two step process. Katz's direct read/write is a single process to affect a transaction given there is no sub-account. The examiner provided no evidence to support any modification by relying on that a two step process is safer and more reliable to reach a sub-account in our claim. In short, there must be something in the art to show that the two steps process are well known and as such one skilled in the art recognized this when looking at Katz's one step method being a disadvantage and hence motivated to apply a sub-account satisfying said two steps process. Graphically one can see the structural difference as below. Furthermore as we mentioned, the one step method is clearly for a prepaid account and there is nothing to show or teach for non-prepaid accounts. The fact that this is missing from Katz could only mean that Katz recognizes his direct one step method could only work for prepaid and not non-prepaid. If this is factually correct then Katz or Resnick could not have anticipated our claimed non-prepaid element.



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We also submit that unit minutes accounts are unique to Katz's invention and may not be easily combined. If one considers Katz Col 5 (lines 51-67) then one can see a 50 dollars purchase is equivalent to 500 unit-minutes or 100 long distance minutes suggesting that Katz used a particular exchange rate to value unit-minutes in his invention. In short, the applicant disagreed with the examiner that such complex exchange mechanism in Katz's accounts could motivate one skilled in the art to combine with Resnick's intermediary accounts using ordinary money as currency and even if this is technically possible, this would not reach our claimed invention as our currency is not one of unit minutes nor a hybrid of both (money and unit minutes).

Based on the above evidence, we can only conclude that the element of sub-accounts fails to show in either prior arts nor in combination as there is no motivation to combine each other features to show sub-accounts.

Passwords

The examiner stated that Katz disclosed a password associated with the redeeming process but this is only for redemption when receiver/payee is not subscriber but wishing to redeem. There is nothing in Katz to show that when transferring unit-minutes from one subscriber to another subscriber, there is a need for password. Katz also provides for a PIN (Fig 4A) for security at initialization of transfer but even this is not the same as authenticating the transaction. In short, our claimed invention has two steps (initializing the transaction through the internet and authenticating the transaction through a mobile device). The password requirement is only needed to authenticate the transaction. Also note that this password in Katz is provided over the same network whereas our application maintains such password to be send over a second different network. Therefore the question is not merely the existence of the element 'password' but also

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whether it is obvious for the password to be send over a second network to reach our claim.

Further, our application is not in the redeeming process and the password is for authenticating the payer's identity and/or confirming the transaction. Katz teaches said password is assigned by process 426 for said purpose and does not provide access to payer's or payee's sub-accounts.

In short, there are at least two passwords in Katz, one for payer's identity to initiate a transaction for security and another for redemption created separately for payee who is not a subscriber. Note that we also teach payer and payee to setup their own choice passwords on creating their sub-accounts (specification pg 7 line 5). Obviously such password of ones own choice is not the same as one assigned by a process for the express purpose of redeeming unit minutes.

The examiner concluded by stating " In that regard, it would have been obvious to one of ordinary skill in the art to have a sub account with a password for the payer and payee" at page 7 of Action Letter. The question is how would one skilled in the art reading Katz's unit minute redemption find it obvious to include a sub-account with password where the passwords are used for authenticating a transaction over a second network (reading the claim as a whole) ?

Recording of transactions and debit/credit of amount.

It should also be recognized that our claimed invention takes into account the difference between prepaid and non prepaid (ie post paid) accounts. The former means one can credit and debit amount directly while the later means the system could only enter a record of credit and debit respectively as seen in Table A above.

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In both prior arts, nothing has been mentioned of recording such credit and debit entries since they are mainly prepaid accounts. In Resnick, money is collected upfront and then credited into an intermediary account belonging to the payer. In Katz, money is either debited or paid from ATM through a financial network or cash to be credited as unit-minutes in user's prepaid account to facilitate further action. None of them actually shows entries being recorded for payment later ie postpaid. In re Chu, 66 F.3d 292, 298, 36 USPQ2d 1089, 1094 (Fed. Cir. 1995) (stating that even when changes from the prior art are "minor" or "simple," an inquiry must be made as to whether "the prior art provides any teaching or suggestion to one of ordinary skill in the art to make the changes" (quoting Northern Telecom, Inc. v. Datapoint Corp., 908 F.2d 931, 935, 15 USPQ2d 1321, 1324 (Fed. Cir. 1990))). Since post paid or non prepaid accounts do not exist in either prior arts, there cannot be an issue raising the motivation for recording. Also see Resnick explained the problems with 'credit' facilities at Para 3 and teach against its application. A non-prepaid is related to a 'credit facility' as the customer pays on settlement of bill and the Telco bears the risk of no payment.

No teaching to combine each other features.

Given the above and reading the claim as a whole, there are no teaching found in each prior art to combine each other features because as described above such unit minute requirement could not match Resnick's simple need to recharge his wireless account with dollar denominated currency. Further, separately these features are in opposite, ie Resnick wants to recharge a wireless account via an intermediary account and Katz wants to redeem such units minutes or to transfer them to another. Even if they are combinable, they would still fail to meet our claimed invention because neither teach of using two separate networks together for such transfer (ie the payment initialization starts from network 1 such as an internet and authentication by network 2 such as by GSM from mobile phone). Katz teaches of connecting by phone to make the transfer via one PSTN network (remember the integration is at the switch) or via a financial network (using

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ATM) (see Col 4 line 50) while Resnick provides the charging from one network (Internet) linked to payer's own wireless account or another payee such as wireless provider. It is apparent that neither actually consider combining two networks by splitting the payment instructions and authentication carried by 2 different networks simultaneously.

The examiner further provided at Action Letter pg 10 " for an end to end transaction for purchasing an item using a mobile phone, telecommunications service provider and payment process as well as prepaid minutes in lieu of money. " The examiner further stated at pg 11 that Katz discloses an end to end transaction processing and updating method using a mobile phone and pre paid minutes. The examiner provided Col 4 lines 33-41 and Col 10, lines 10-15 and Abstract as evidence which we reproduced below for clarity.

" There is therefore, still a great need for a system that enables telecommunication companies to provide financial services to their customers while simultaneously enabling financial institutions to provide telecommunication services and telecommunication device access to their customers, neither of which is possible with systems of the prior art. (Col 4, lines 33-41)

In addition, the UMACH network associated with the unit-minute system interfaces with interbank financial networks such as CHIPS or SWIFT in order to perform daily reconciliation and settlement among and with each member. (Col 10, lines 10-15)

A system and method for accessing the value associated with a pre-purchased amount of telecommunication-time for making telephone calls and for uses other than making telephone calls is provided. The system includes a computer system including a prepaid platform adapter for interfacing with a prepaid platform, and a financial network adapter for interfacing with a financial network. Unit minutes, having a value associated with the

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purchased amount of telecommunication-time, are convertible to telecommunication-time equivalents for making telephone calls and monetary equivalents for uses other than making telephone calls. A database, communicating with the computer, includes subscriber account information and transaction processing protocol information for each adapter. A remote input server, communicating with the computer, provides an input device to access the computer. The input device allows the subscriber to purchase the unit minutes, transfer the unit minutes to others (including non-subscribers) and redeem the unit minutes, and to use the unit minutes to purchase telephone minutes and redeem for goods and services. (Abstract) “

Our reading of the above shows nothing to teach combining with Resnick's invention of setting up an intermediary account for payment purposes. In particular, what disadvantage has in Resnick's invention to motivate one to use unit-minutes ? In fact, Resnick's invention works fine to enable it to recharge wireless prepaid accounts with money directly NOT unit minutes hence why the need for sub-accounts ? Also noting that we explicitly wanted to use an alternative to financial network for clearing by applying telecommunication accounts and the problem associated with financial network is one of cost.

The examiner seemed to suggest that Resnick has no end to end transaction processing and updating using a mobile phone and hence its obvious to combine. We respectfully disagree in particularly Resnick made explicit his invention is for update or recharging the wireless account without the benefit of a mobile device (See prior art problems as discussed by Resnick at para 4 : “After the initial allocation is exhausted (or before), the user can “recharge” or reload their wireless account usually by calling an 800 number, having a credit card handy, and either talking with a customer service representative (CSR) or using an automated system to charge additional minutes to the credit card. This system is burdensome to both the user and the wireless carrier. Moreover, some users

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have pre-paid wireless accounts because of credit problems and thus may not have a valid credit card available for this purpose.”) . Emphasis added.

The question is why is there such a need for updating using a mobile phone or desirable for an end to end transaction ? The fact that Resnick teach of “burdensome” system and the lack of a credit card means it is unlikely this could be combined with Katz’s using of a mobile phone. Resnick is well aware of the limitation posed by the mobile phone for his purposes. It is also clear Resnick teach to pay for other things which could not possibly take unit minutes as found in Katz. In fact, the need to redeem these unit minutes shows acceptance of such ‘currency’ is not widely suitable beyond the telecommunication services as compare to Resnick’s method of paying with real currency (assuming that money currency is easily accepted leaving no reason to redeem). So why the need to combine with Katz ? And if there is no reason to combine with Katz then logically there is no need for end to end transaction either.

Further notwithstanding there is no teaching to combine with Katz, the examiner did not articulate any apparent disadvantage using an computer network such that this could motivate one skilled in the art to consider using a mobile device ? Remember Resnick actually consider such recharging method using a mobile as burdensome. Katz also taught of using a ATM card via a financial network, obviously this means Katz did considered a computer network to be acceptable. And probably the only reason why Katz choose to use a mobile network is because of his target account being a prepaid mobile platform means it is necessary and for the same reason his ATM card for linking to said financial network. This means this is more a matter of design or practicality rather than a motivation issue. Katz was interested to minimize any modification to existing prepaid mobile platform and similarly for financial network by building adapters connecting to them (See for example Katz at Col 6, lines 38-47) rather than any particular advantage to motivate one skilled in the art to modify Resnick.

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There must be a disadvantage articulated in either prior arts to show the problem to combine each other features. The fact that these features are missing separately is insufficient to show obviousness to combine.

Two different networks.

Even if both prior arts are combinable, they do not show initiating a transaction on one network and confirming/authenticating using a mobile device (ie second network) or using two networks together. The examiner stated that updating using a mobile phone at pg 11 but in fact our claimed invention use mobile devices to authenticate and confirm transactions, the updating is done by Telco's own transactional processor upon receiving instructions from payment processor. This is not the same as initiating a transaction which is through first network different to the second (authentication) network. None of the prior arts actually teach this 'split' method. The problem that the applicant faced is security related and by splitting the two steps means even if one side (ie Internet) could be intercepted, the opportunity to intercept both internet and mobile network through PSTN at the same time is almost nil. This problem or the source of said problem was not addressed or raised by either prior arts. *See In re Spinnoble*, 405 F.2d 578 (C.C.P.A. 1969); *In re Peehs*, 612 F.2d 1287 (C.C.P.A. 1980).

Steps order of the Claim.

Notwithstanding that elements: extending sub-accounts, first network, second network, recording of entries are missing from both Resnick and Katz, the steps needed to implement the method must also be consider (looking the claim as a whole) in the same order. It is clear that this would not be obvious given the different teaching of Resnick and Katz. For example, Resnick taught of using a computer network to initiate transfer funds to an intermediary account while Katz taught of using a mobile phone to make transfer of unit minutes or alternatively a financial network linked to deposit accounts but

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not both networks together. What could be the motivation to use two networks simultaneously and is the motivation found in the prior arts ? Both prior arts teach of a starting point being either through a computer network (Resnick) or mobile phone network (Katz) or financial network (Katz) but not both together nor consecutively, ie network and followed by mobile phone network as in our claimed invention. So even if both prior arts are combinable, it still fail to show the order in which this can be implemented to show our claimed invention.

Combining with Fox to show integrity of the receipt.

Even if Fox shows all the elements in our claimed invention, the issue here is whether there is any teaching to combine with Resnick and/or Katz when neither actually consider a need for document/receipt exchanging for verification and integrity check in order to receive goods and services. Fox uses the documents and instruments for instructions giving effect for payment necessary for a transaction while our claim element of a receipt is for obtaining goods or services having been paid but not delivered at the time of payment. In Fox at Col 3, lines 29-34, it is taught the second participant (ie banker) signs a receipt to first participant (ie merchant) for guarantee payment for ordered items. The first recipient participant then returns a signed encrypted purchase receipt to the originating participant (buyer) to indicate the purchase is approved and accepted. But nowhere is there any teaching for buyer to present the purchase receipt back to the first participant (ie merchant) or to the second participant (ie bank). In Fox, it makes little sense for the buyer to present something back to the merchant when the said receipt was provided by the merchant in the first place nor is there is a need to present the receipt to banker since the banker provides the acceptance receipt to the merchant not the payer. In short, Fox did not teach of using a receipt to obtain goods and services but merely as evidence of payment guarantee to merchant and the merchant in turn provides a purchase receipt. Further, there is no indication that such document/instrument in Fox is capable of being stored in a mobile device.

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Of the two only Katz uses mobile device but there is no teaching of using the mobile device for integrity of electronic receipts. As Katz mentioned, redemption is by using a password. The examiner stated at page 13 of Action Letter that " Therefore, one skilled in the ordinary art would have been motivated to extend the combination of Resnick and Katz with a method for providing the integrity of the receipt includes the step of uploading the encrypted receipt text message from the payer's mobile phone using the reply function to the payment processor server over the network for decryption upon which the details of the transaction will be forwarded to the merchant originating the transaction and a copy of the decrypted text message back to the end-user where such copy may be printed out by way of a wireless printer connected to the mobile phone. "

The examiner had effectively use our application to raise the motivation here which is inappropriate and conclusory. The motivation must be found in prior arts and reasoned to show combining Fox's feature with either Katz or Resnick (remember Resnick has no mobile phone). Katz uses either his mobile or ATM card to make unit minutes transferable to another or for redemption later.

Similarly Resnick teach of using the internet for recharging his prepaid his account with telecommunication provider and for other usage using an intermediary account, therefore why a need for receipt integrity since one can easily check whether the account has been charged or not? Resnick teach of printing said receipt (see Claim 14) at the point of sale which effectively means such receipt is proof of purchase rather than for obtaining something. As in Resnick, there is nothing one can exchange one's printed receipt for which means there is no motivation to combine with Fox. It is clear such receipt in Resnick is merely for evidentiary purposes and no capable of exchanging for anything.

The only time one need receipt integrity is when to obtain something of value by the purchaser which is available only at a later date from the date of purchase. Even though

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Katz actually taught of using a mobile phone, such redemption from unit minutes to money is done by issuing a password to the non-subscriber to enable presentation of said at the office of redemption. However, our application deals with admission to events (tickets as an example) at a later date and not in redeeming the unit minutes.

In order to combine, there must be a motivation. In Katz, there is nothing to suggest a password or PIN for said redemption purpose is inadequate such that motivate one skilled in the art to modify by combining with Fox by using receipts.

In Fox, these receipts are not for receiving goods and services but merely as a guarantee of payment to merchant and proof of purchase to payer necessary to facilitate the transaction. In short, Katz taught of using passwords for redemption and Fox taught of using issuing receipts after verifying the documents and instruments. But no suggestion that using receipts is better or secure or superior to applying a password so as to motivate one skilled in the art. The examiner provided no evidence to combine each other features. Even if this is well known by using receipts to obtain goods and services, it is not well known to do so as in the claimed invention as a whole (reading the claim as a whole).

We respectfully ask the examiner to reconsider allowing this claim as the current amendments incorporate our rebuttal above.

Claim 2

The examiner asserted that Katz teaches of a method where payment is in the form of monetary units and provided Col 10, lines 59-62 as evidence. For completeness, we have reproduced the evidence below up to line 65.

"It is a further object of the present invention to provide a system and method whereby telecommunication-time becomes a commodity, and exchanges and/or secondary markets and/or derivative markets exist, and wherein, telecommunication-time may be traded

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and/or hedged against, between countries, banks, telecommunication carriers, companies and other entities. “

We respectfully traverse the examiner's rejection. The examiner provided no reasons or articulate why one skilled in the art will necessarily be motivated to modify unit minutes (telecommunication time as above) into one of monetary units for payment or transfer. Monetary units are only applicable when redeemed but redemption is not the same as applying such funds. Redemption means converting the unit minutes to money and out of the system. Our account uses monetary units as its currency in the system. Even for a single reference, a motivation must be found to modify (B.F. Goodrich v. Aircraft Braking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996) Surely, the examiner could not be asserting that unit minutes as taught by Katz is the same as monetary units.

As to the evidence, Katz's teaching refers to “unit minute” account where the telecommunication time may be trade etc and as we have stated above this telecommunication time is NOT easily translated to MONEY CURRENCY nor inherently reveal said given Katz provided an exchange mechanism for such conversion. The fact that an exchange mechanism exists means it shows its anything but MONEY currency. (See for example Col 5 lines 51 to 67). While Katz teach of redemption, it is only so to convert the unit minutes to money and not for the purpose of payment.

We respectfully submit that this claim be patentable over Katz. In addition, we also submit our previous detailed discussion on the failure to combine with Resnick as this claim is dependent on Claim 1.

Claim 3 and 4

We respectfully traversed.

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Claim 3 and Claim 4 have been amended and the elements incorporated into Claim 1 and in particular the elements of these two claims have already been addressed in Claim 1 response under prepaid and non prepaid.

However, we would like to note that the examiner has not provided a reason or motivation to show obviousness. Even for a single reference, a motivation must be found to modify (B.F. Goodrich v. Aircraft Braking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996)). In brief, the evidence Col 8, lines 24-28 shows a withdrawal process where debiting is taught but our claim element is for payment NOT withdrawal. Claim 3 has been amended to show the activation code being send from first network and return by a second network. Neither prior arts show this activation code which is basically to ensure payer could confirm the transaction. As such the applicant submits that claim 3 is patentable over Katz in light of what is known in the art.

As for Claim 4, now shows the prepaid mode. Even if it may be well known, it is not well known to do so via two networks as in the claimed invention. Differences between prepaid and non prepaid have previously been explained above in Claim 1. Further this claim is dependent on claim 1 to include all its limitations, it would not be obvious viewing Katz as there is no motivation to modify the telco main account by extending a sub-account. Katz teaches of a single step direct debit and credit against the main telco account and have no reason to provide a sub-account. As such the applicant submits that claim 4 is patentable over Katz in light of what is known in the art.

Claim 5

We respectfully traversed.

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Similarly, Claim 5's element has been incorporated in Claim 1, therefore our rebuttal is found under claim 1 "Recording of transactions and debit/credit of amount". The examiner provided the same evidence Col 10 line 58-62. This claim has been modified now to show password for accessing sub account. While this is well known in the art, this claim depends on claim 1 and therefore includes all of the limitation of claim 1 which is not well known to do so as claimed. As such the applicant submits that claim 5 is patentable over Katz in light of what is known in the art.

Claim 6 and 7

We respectfully traversed. While it is true that Resnick initiate the transaction using internet protocol etc, Resnick did not teach of using a mobile phone for confirmation reading with Claim 1 which these claims depend on.

Claim 6 has now been modified to include the presentation of receipt and integrity check previously found in claim 1 for receiving goods and services as per preamble. This clearly distinguish Katz which shows redemption of unit minutes and the fact that Fox fails to fairly teach using receipt for receiving goods/services. Our rebuttal for these elements is found under combining with Fox in claim 1 under "Combining with Fox to show integrity of the receipt.". This claim also depends on claim 1 and therefore includes all of the limitation of claim 1 which is not well known to do so as claimed. As such the applicant submits that claim 6 is patentable over Fox in light of what is known in the art. Claim 7 has been deleted now.

Claim 8.

We respectfully traversed. Katz did not teach of using a sub account linked to a telecommunication service provider. The examiner's evidence at Col 5 lines 6-17 is reproduced below :

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“Furthermore, in a preferred embodiment, an automated telecommunication-time clearinghouse network is established. Membership in this network allows companies, such as prepaid telecommunication service providers (PSPs), telecommunication-time resellers and wholesalers and financial services institutions to provide their customers with the benefits of the present invention. The clearinghouse network facilitates the transfer and redemption of telecommunication-time between customers of each network member and furthermore provides a settlement process between network members in which all telecommunication-time trades between members are settled. “

Katz taught of using a clearinghouse network wherein membership is PSP etc and where transfer and redemption of telecommunication-time (NON MONENTARY) between customers etc. .So at best Katz teach of accounts being hold by customers of each network member at the clearinghouse and NOT sub-accounts linked to telecommunication service provider. Yet the strongest evidence to support there is no sub-accounts could be found at Col 6 lines 28 –30 and reinforced again at lines 37-40. We reproduced this statement below : “ The integration of the unit-minute system of the invention with prior art prepaid system does not require altering this method of pre-purchasing minutes “. Effectively this means there is nothing to be added at all constituting an account or sub-account.

At Col 6 lines 65 – Col 7 lines 20, which we reproduced below : “In a preferred embodiment, the unit-minute method and system of the invention is integrated with a telecommunication-switch that enables subscribers to access their unit-minute account using any telephone. In this embodiment, unit-minute transfers between subscribers are performed by the sending subscriber calling a special telephone number associated with the telecommunication-switch and inputting the desired transaction, including the receiving subscriber's identifier (i.e., phone number) and the amount of unit-minutes to transfer. The unit-minute system then performs the transfer by subtracting the transferred unit-minutes plus any associated transaction fees, if any, from the sending subscriber's

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unit-minute account and adding the transferred unit-minutes less any associated transaction fees, if any, to the receiving subscriber's unit-minute account. The unit-minute system and an associated unit-minute automated clearinghouse network (UMACH) then handles the necessary unit-minute settlement process, including any issues which may arise from currency exchanges between members. In this case the sending subscriber's PSP would owe the receiving subscriber's PSP the monetary value associated with the transferred unit-minutes."

Also in Col 9 line 5-25, we have this evidence "For instance, in a preferred embodiment, the present invention leverages existing prepaid minute accounts stored within a prepaid telephone platform, rather than replacing them with the invention's own minute accounts. Therefore, in order to perform the necessary unit-minute transactions, the unit-minute system must have read and write access to these accounts, and a converter for converting the existing prepaid minutes of the prepaid platform to the unit-minutes of the invention. Furthermore, any changes to data fields of the prepaid platform's minute account that are accessed by both the prepaid platform and unit-minute system must be made using a method that guarantees transactional integrity. Such access may be accomplished by integrating the transaction processing subsystem of the unit-minute system's computer system with the transaction processing subsystem of the prepaid platform by an adapter. Each system's transaction processing subsystem will in turn communicate with its respective database as needed to update any changed fields. Once the two systems are integrated in such a fashion, changes made by either system to such shared fields will be communicated to both systems in a transactionally safe and reliable fashion. "

Reading the above evidence, it is clear Katz's system is using the original prepaid accounts rather than another accounts such as Katz's own minute accounts. Katz also teach of having read/write permission to telco's prepaid accounts to affect the changes which means there is no sub accounts for non-prepaid platform.

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It is also clear that the unit-minute accounts embody in the unit minute system are connected to a clearing house network which later handles the settlement between two different telecommunication service providers. However, Katz did actually teach of linking sub-accounts with financial institution (See Col 6 lines 42-45). As mentioned, our claimed is for sub accounts linked to the telco service provider and not in some unit-minute system nor linked to any financial institution. Please refer to our Table A above in regards to differences.

As mentioned, our claimed invention does not make any adjustment to the telco system until at settlement time and such adjustments are done by the telco system not by an external sub-system as taught by Katz. In other words, because Katz requires direct access to said prepaid accounts by linking to his unit minute system, this could only mean Katz did not teach of using sub-accounts is obvious as there is no requirement to do so.

Claim 8 is now deleted but the element of sub-account stays in Claim 1 which we submit as patentable over Katz in view of Resnick.

Claim 11,12,13,14

These claims mainly described the usage of the mobile device as the confirmation and authentication through a second network. The examiner stated that the motivation is to increase security and reduce fraud (page 15 of action letter). This begs the question whether there is an issue with fraud and security in both the prior arts such that reveal the need to use a second network or to combine Resnick (internet means) and Katz (mobile means) ? (While we acknowledged Katz also teach using a financial network, his primary teaching is for mobile network and more importantly Katz has no teaching of using BOTH network to effect a transaction.) In Katz great emphasis was made in such respect, at col 21 line 30 -47 as reproduced: "It will be appreciated that security and fraud protection are very important in any system that is associated with manipulating stored

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value. In particular, the unit-minute system's ability to transfer valuable telecommunication-time and then permit redemption of such time into cash, goods and services, warrants significant attention to such matters. With respect to security, the system may require subscribers to authenticate themselves with subscriber identifiers and PIN numbers. In addition, transactions are protected by system generated transaction identifiers and redemptions are protected by additional redemption passwords. Additional fraud detection is performed by analyzing login attempts for anomalous behavior such as repetitive failed authentication attempts. Communication interfaces 336 and 360 as well as all communications performed between members of UMACH network 370 may be protected by standard physical security measures and encryption techniques. "

From the above, it is clear that Katz was aware of such need and had applied PIN and encryption techniques well known in the art to be sufficient for such purposes. But is it well known that such methods as taught by Katz is defective such that one skilled in the art is motivated to modify to reach our claimed invention of using two networks ?

If the nature of the problem being insecurity and open to fraud is not found in either prior arts then how could one skilled in the art be motivated ? Further, even if there is the need for better security and reduced fraud for every e-commerce application, neither of these references includes any suggestion to combine its features with the features of the other references. Therefore, one can only conclude that the examiner had applied the Application as a road map to arrive at this conclusion which is fatal. See W.L. Gore & Assocs., Inc. v. Garlock, Inc., 721 F.2d 1540, 1553, 220 USPQ 303, 312-13 (Fed.Cir.1983) ("To imbue one of ordinary skill in the art with knowledge of the invention in suit, when no prior art reference or references of record convey or suggest that knowledge, is to fall victim to the insidious effect of a hindsight syndrome wherein that which only the inventor taught is used against its teacher."). If this is common knowledge or within the knowledge of the examiner to use two networks, we respectfully ask the examiner to provide evidence under section 37 CFR 1.104.

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It is also noted that the examiner actually wrote "Reisman" (at page 15) but we believe this could be a typo and Reisman actually means Resnick since there is no prior art from Reisman in this prosecution to date.

Non-Functional descriptive matter.

The examiner further considers the communication steps is only data and as such considered non functional descriptive material and therefore afforded little or no patentable weight. The examiner provided no authority for this.

However the often cited authority is Re Gulack (703 F.2d 1381, 217 USPQ 401 (Fed Cir 1983) stating "where the printed matter is not functionally related to the substrate, the printed matter will not distinguish the invention from the prior art in terms of patentability". Actually this principle was restated in Gulack from Re Miller, 418 F.2d 1392, 164 USPQ 46 being used to advance the Board's decision. Miller involved an appeal from the board's affirmance of the rejection of claims drawn to a measuring device for use in fractioning recipes. No statutory ground for the rejection was specified. The rejection in Miller was on the basis that the invention lacked "the required cooperative structural relationship necessary before the printed matter can be given patentable weight." Id at 1395, 164 USPQ at 48. In fact in Miller, functionality was found for the applicant but only after defining functionality of the precise type found by the CCPA in Miller involving to size or to type of substrate, or conveying information about substrate. However, in Re Gulack, the majority has stated that such precise functional relationship is not required.

Pertinent in Re Gulack, the Patent Office rejected the claims as obvious in view of the prior art, reasoning there was no functional relationship between the printed digits and the

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band supporting the digits. On appeal which is the subject of the cited case, the Federal Circuit reversed stating as follows:

“Differences between an invention and the prior art cited against it cannot be ignored merely because those differences resides in the content of the printed matter. Under 103, the board cannot dissect a claim, excise the printed matter from it, and declared the remaining portion of the mutilated claim to be unpatentable. The claim must be read as a whole. “

The Federal Circuit also noted that printed matter may well constitute structural limitations on which patentability can be predicated (id, 217 USPQ at 403)

In addition, the Court stated a general rule as to when printed matter will be afforded weight:

“What is required is the existence of differences between the appealed claims and the prior art sufficient to established patentability. The bare presence or absence of a specific functional relationship, without further analysis is not dispositive of obviousness. (id, at 404)”

In our case, as we mentioned, the examiner expressly state the non functioning descriptive data as data presumably referring to password, authentication data, confirmation etc. However, the examiner did not identify the substrate in view of Re Gulack which is an endless band.

We respectfully object as these data are manipulated in the memory (interrogated by the Telco transactional processor against data in the sub account) to determine whether such confirmation or authentication have been satisfied and as such they are uniquely functional between wireless communicator by electronic signal manipulation (ie one set

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of signal transform to another) with said memory. These could not be "Printed Matter " as per Gulack. The output is the further instruction by payment processor executable by direct debit or credit or recording in sub-account by telco's processor (a different signal from original). In short such data is functional since it provides an outcome that could be positive or negative which in turn generate a second signal to do something else such as recording of a transaction.

In contrast, music data on a CD, the CD being the substrate claimed would be printed matter if the only difference is the data itself to distinguish a prior art of another music CD. In Resnick, an intermediary account was used for payment where data are transmitted over a computer network while in Katz, a mobile device was used similarly to transmit data. But when one consider the claim as a whole, then one will see that our data are transmitted from both computer network and mobile network and in sequence with an authorization data from a computer network and receiving authentication data from a mobile network. This shows the paths used for transmission in our claimed method is different to Katz and Resnick as they used only a single network.

The examiner concluded " Thereby, the non fictional descriptive material is directed only to the content of the data being transmitted and does not affect either the structure or method/process of Resnick, which leaves the method and system unchanged." at page 15. We disagreed as the examiner had treated both Resnick and Katz could be combined but failed to articulate such motivation to combine their features with each other.

In short, the difference is not merely in the data but incorporates the application of two networks and considering two different input devices each manipulating the data to achieve an outcome for this claimed invention. And hence this could not be non fictional descriptive material as per Gulack.

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Finally recapping on Re Gulack, in a footnote, the same court expressed some impatience with the use of the printed matter doctrine as a basis for rejection under Section 103 (Id at 403 at n.8)

Footnote 8 as reproduced below:

8 A “printed matter rejection” under § 103 stands on questionable legal and logical footing. Standing alone, the description of an element of the invention as printed matter tells nothing about the differences between the invention and the prior art or about whether that invention was suggested by the prior art. A printed matter rejection is based on case law antedating the 1952 patent act, employing a point of novelty approach. In re Sterling, 70 F.2d 910, 21 USPQ 519 (CCPA 1934). The 1952 act legislatively revised that approach through its requirement that the claim be viewed as a whole in determining obviousness. *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966). The CCPA has considered *all* of the limitations of the claims including the printed matter limitations, in determining whether the invention would have been obvious. See *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974); *In re Cavrich*, 451 F.2d 1091, 172 USPQ 121 (CCPA 1971). In *Royka*, 490 F.2d at 985, 180 USPQ at 583, the CCPA, notably weary of reiterating this point, clearly stated that printed matter may well constitute structural limitations upon which patentability can be predicated.

We therefore respectfully submit that our ‘descriptive material’ is functional and non obvious in view of Resnick and Katz.

Please note that 1,12,13,14 have been deleted but the matter of non-functional data is still traversed by the applicant as data in the form of a password is claimed in Claim 1 and 5.

Claim 15, 16, 17, 18, 19 .

While these claims have been deleted in our amendments given our need to re-organized the various elements. However, for the sake of completeness, we still traverse the examiner’s rejections. The examiner has not provided any reasons for their obviousness rejection. Even for a single reference, a motivation must be found to modify (B.F.

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Goodrich v. Aircraft Braking Sys. Corp., 72 F.3d 1577, 1582, 37 USPQ2d 1314, 1318 (Fed. Cir. 1996). The examiner provided Katz as the main reference for claim 15,18,19. Note however, for Claim 18, the pertinent reference in the COL is missing (at page 16) and we are therefore unable to rebut.

Claim 15.

As we mentioned, Katz has no teaching of a sub-account and instead prefers the direct debit and credit against the prepaid account. Katz's Col 10, lines 10-28 refers to receipts being send by the Internet or PSTN. Even if this is well known, it is not well known to do so as in the claimed invention (reading this claim with claim 1 as a whole).

Claim 16.

As this is an dependent claim, even if this is well known, it is not well known to do so as in the claimed invention (reading this claim with claim 1 as a whole).

Claim 17

See Claim 1 above

Claim 19

The examiner asserted Katz teaches our method and provided Col 5 lines 12-17 as evidence. This referenced the clearinghouse network facilitating transfer and redemption of telecommunication time (not money). Even if there exist a list of payers, payees transaction details, there is still no teaching of profiling said account holders. In fact, the word profile or profiling do not even exist in Katz. The examiner provided no motivation

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for profiling said user and even if profiling is a known marketing feature, it is not well known to do so in the claimed invention.

Claim 20.

We respectfully traversed the examiner's rejection. Even if it is well known to use IVR as in Katz, it is not well known to do so as in the claimed invention (reading this claim with claim 1 as a whole). Therefore, we respectfully ask the examiner to allow this claim.

Conclusion.

The applicant has made further amendments to the claimed invention as detailed in Appendix 1. In all, these amendments referenced our rebuttal above and are basically re-arranged to be broader. In particular, the applicant has also included different classes of the invention complimenting the method class.

We believe this to be permissible as stated in §608.01(n), Manual of Patent Examining Procedures, United States Patent and Trademark Office, page 600-80 (MPEP Rev 2, May 2004), distinctly pointing out "The fact that the independent and dependent claims are in different statutory classes does not, in itself, render the latter improper. Thus, if claim 1 recites a specific product, a claim for the method of making the product of claim 1 in a particular manner would be a proper dependent claim since it could not be infringed without infringing claim 1. Similarly, if claim 1 recites a method of making a product, a claim for a product made by the method of claim 1 could be a proper dependent claim."

However, if these should pose further issues, we could rewrite them.